

April 30, 2001

The Honorable Joe M. Allbaugh
Director
Federal Emergency Management Agency
Washington, D.C. 20472

Dear Mr. Allbaugh:

The Inspector General Act of 1978 (Public Law 95-452), as amended, requires the preparation of a Semiannual Report to Congress summarizing the activities of my office. I am pleased to enclose the report for the period from October 1, 2000, through March 31, 2001. The Act also mandates that you transmit this report to the appropriate committees of Congress within 30 days of receipt, together with any comments you may wish to make.

During this period, we reviewed FEMA's debris removal program, evaluated the mission assignment process, and assessed compliance with insurance purchase requirements in the Public Assistance Program. We responded to congressional concerns about the implementation of the mitigation program for structures damaged by Hurricane Floyd. We also reviewed cash management activities of the National Flood Insurance Program. We continued to review information technology services and compliance with security and critical infrastructure requirements. We issued the audit of FEMA's fiscal year 2000 financial statements. We continued our efforts to review States' disaster grant management processes, disaster costs, and subgrantee compliance with applicable laws and regulations. Finally, we investigated allegations of fraud and abuse by disaster recipients and continued our prevention activities through disaster fraud management training and integrity awareness presentations.

Our efforts yielded significant monetary and non-monetary results during the past 6 months, including approximately \$21.7 million in recoveries and deobligations, and the agreement of management officials to collect or deobligate an additional \$3.5 million. Our efforts also resulted in 62 arrests and/or indictments and 14 convictions.

My staff and I are looking forward to working closely with you as FEMA's new Director toward the goal of promoting effectiveness, economy, and efficiency in FEMA's programs and operations.

Sincerely,

George J. Opfer
Inspector General

Enclosure

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